

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

May 23, 2019

MOTOR CARRIER MATTER

☐

DOCKET NO.

2019-163-E

UTILITIES MATTER

☒

ORDER NO.

2019-377(A)

THIS DIRECTIVE SHALL SERVE AS THE COMMISSION'S ORDER ON THIS ISSUE.

SUBJECT:

[DOCKET NO. 2019-163-E](#) - Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress for Authority to Transfer Assets and for Approval of Accounting Authority and Request for Expedited Consideration - Staff Presents for Commission Consideration Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Application for Authority to Transfer Assets and for Approval of Accounting Authority, along with a Request for Expedited Consideration.

COMMISSION ACTION:

This matter concerns an intercompany transaction between DEC and DEP for rotatable fleet spare ("RFS") components in anticipation of scheduled maintenance during a major outage scheduled to begin in August 2019. The Companies seek to coordinate and optimize the management of their respective RFS inventories and create potential maintenance outage cost savings through the transfer of RFS parts between them at fair market value.

The Companies also seek approval, pursuant to Code Section 58-27-1540, of the related accounting treatment. In order to account for the difference between the transfer price (market value) and cost of these assets, the Companies request authority to use Federal Energy Regulatory Commission Uniform System of Accounts account 182.3 (Other Regulatory Asset) and account 254 (Other Regulatory Liability).

The maintenance of DEC's and DEP's respective generating fleets require the Companies to maintain access to rotatable spare parts for planned as well as potential unplanned outages. As a result, the Companies must incur the cost of holding RFS assets in inventory or be able to access such new or refurbished parts relatively quickly.

To optimize their respective spare parts inventories ahead of their scheduled maintenance in August, the Companies propose an inventory-to-inventory transfer at the fair market value of \$3,033,633 from DEC to DEP. The Companies assert that this request is in the public interest, as it would benefit DEC by allowing efficient deployment of its RFS assets without penalizing DEP, the purchasing utility, by requiring the transfer of used components to occur at the higher net book value, which in this case is \$4,298,361. DEC would be able to transfer the RFS assets for which it has no immediate need, and DEP would be able to obtain assets it needs at a fair value. This would result in the RFS inventories of DEP and DEC being reduced which would ultimately result in material costs savings to DEP and DEC and their ratepayers.

The request for relief does not involve a change to any of the Companies' rates or prices at this time or require a change to other Commission rulings. Further, the requested relief should not prejudice the right of any party to address the prudence of these costs in DEC's or DEP's next general rate case proceeding. The Commission has previously approved transfers

of RFS assets and the associated accounting treatment. For these reasons, I move we approve the rotatable fleet spare inventories request along with the requested accounting treatment as being in the public interest.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

